

December 31, 2001

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dorothy Attwood  
Common Carrier Bureau Chief  
Office of the Bureau Chief, 5th Floor  
Federal Communications Commission  
445 12th Street, SW Portals II Building  
Washington, DC 20544

**RE: Initial Comments filed *In the Matter Federal-State Joint Board on Universal Service*, CC Docket No. 96-45; FCC 01J-2**

***NARUC Response to FCC 01J-2 October 12, 2001 Notice Seeking comment on Review of Lifeline and Linkup Service for All Low-Income Consumers noticed in the October 31, 2001 Federal Register at 66 FR 54967.***

Dear Ms. Attwood:

In a public notice released on October 12, 2001, the Federal-State Joint Board on Universal Service (Joint Board) invited comment regarding its review of Lifeline/ Link-Up, two federal support programs that are used to preserve and advance universal service and to ensure that quality telecommunications and information services are available to low-income consumers at just, reasonable and affordable rates, as required by the Telecommunications Act of 1996.

The National Association of Regulatory Utility Commissioners ("NARUC") is a quasi-governmental nonprofit organization founded in 1889. Members include the governmental bodies engaged in the regulation of carriers and utilities from all fifty States, the District of Columbia, Puerto Rico, and the Virgin Islands. Because of the clear linkage between state and federal programs, the potential impact on state commission procedures, and NARUC's stated goal of promoting more efficient regulation, NARUC has an interest in this proceeding.

At its February 2001 meetings, NARUC, anticipating the Joint Board's October inquiry, passed a Resolution captioned "***Resolution Concerning Low Income Components of the Federal Universal Service Mechanism.***" A copy of that resolution is attached to this letter.

That resolution has two main thrusts.

- ***Strong support for the policy goals of the existing Lifeline/Link-Up programs combined with a clear desire for policy makers to examine alternative mechanisms, including automatic enrollment, to efficiently target and distribute funding to consumers, and determine eligibility for Lifeline/Link-Up support; and***
- ***NARUC support for implementing mechanisms to insure accountability of the low-income programs.***

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### *Background*

Since 1984, the Commission, in conjunction with the states and local telephone companies, has administered a Lifeline program designed to promote universal service by providing low-income individuals with monthly discounts on the cost of receiving telephone service. See *MTS and WATS Market Structure, and Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board*, Recommended Decision, CC Docket Nos. 78-72 and 80-286, 49 Fed. Reg. 48325 (rel. Nov. 23, 1984) (recommending the adoption of federal lifeline assistance measures); *MTS and WATS Market Structure, and Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board*, Decision and Order, CC Docket Nos. 78-72 and 80-286, FCC 84-637, 50 Fed. Reg. 939 (rel. Dec. 28, 1984) (adopting the Joint Board's recommendation). The Commission also established "Link-Up America," a program designed to help low-income individuals pay the initial costs of commencing telephone service. Both programs have already been the subject of, most recently, a 1996 Joint Board Recommended Decision, which found that Congress's intent would best be served if all low-income consumers had access to Lifeline/ Link-Up assistance.

On December 21, 2000, the FCC referred the low-income support issues to the Joint Board and stated: "...we ask the Joint Board to undertake a review of Lifeline and Link-Up service for all low-income customers, including a review of the income eligibility criteria." The Joint Board, in turn, issued the October notice seeking comment.

### *Discussion*

NARUC appreciates the opportunity to offer comments on lifeline/linkup issues. In general, we applaud the FCC's continued focus on improving the efficiency of these programs. Because of the importance of these issues to the states, NARUC's resolution suggests the following:

***Policy makers should examine alternative mechanisms, including automatic enrollment, to efficiently target and distribute funding to consumers, and determine eligibility for Lifeline/Link-Up support.***

NARUC's February resolution expresses "support for the policy goals of the Lifeline and Linkup programs" and also specifically "... encourages the Joint Board, FCC, and States to explore alternative mechanisms, including automatic enrollment, to efficiently target and distribute funding to consumers, and determine eligibility for Lifeline/Link-Up support."

Access to a telephone assists subscribers in joining and advancing in the workforce, thereby also encouraging independence and migration from welfare. However, even though the criteria for enrollment in both programs is based on some measure of income, according to our resolution, a July 2000 TIAP report indicates there is no relation between the percent of low-income households and the percent lifeline take rate. Indeed, the Missouri Office of Public Counsel has estimated that 26 percent of households with incomes at or below 150 percent of the federal poverty level take advantage of the Lifeline/ Link-Up program. See, Letter from Martha Hogerty, Missouri Office of Public Counsel, to Magalie Roman Salas, Federal Communications Commission, dated September 19, 2001. These facts suggest that an examination of alternative mechanisms, including automatic enrollment, may well be needed to efficiently target and distribute funding to qualifying consumers. The notice suggests the Joint Board is already interested in examining such alternative mechanisms, as it asks commenters to specifically discuss what steps have been taken to increase Lifeline/ Link-Up subscribership in their respective states and ways in which successful state methods could be implemented at the federal level. NARUC has instigated a survey of its members on such programs and hopes to supplement its filing in this proceeding with a summary of those survey results.

***NARUC supports implementing mechanisms to insure accountability of the low-income programs.***

At the same time, NARUC resolution, citing the FCC objective that the fund not be any larger than is necessary to achieve the various goals of section 254, supports implementing mechanisms to insure accountability of the low-income programs, e.g., assuring that only those who qualify under the state criteria continue to receive benefits.

If you have any questions about these comments, or any other NARUC position, please do not hesitate to call me at 202.898.2207 or contact me via e-mail at "jramsay@naruc.org."

**Respectfully Submitted,**

**James Bradford Ramsay  
GENERAL COUNSEL**

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**DATE: December 31, 2001**

## **APPENDIX A**

### ***Resolution Concerning Low Income Components of the Federal Universal Service Mechanism***

**WHEREAS**, On December 21, 2000, the FCC released an Order requesting the Universal Service Joint Board undertake a review of Lifeline and Link Up service for all low-income customers, including a review of the income eligibility criteria; and

**WHEREAS**, The FCC's default eligibility standards for both Lifeline and Link-Up included enrollment in any of the following programs: Medicaid, Supplemental Security Income (SSI), food stamps, Federal Public Housing Assistance (including Section 8), or the Low-Income Home Energy Assistance Program (LIHEAP) Temporary Assistance to Needy Families (TANF); *and*

**WHEREAS**, Welfare reform encourages independence and migration from welfare as we know it; *and*

**WHEREAS**, National policy encourages support for low income households past welfare; *and*

**WHEREAS**, The telephone is a useful tool for joining and advancing in the workforce; *and*

**WHEREAS**, The TIAP report released on July 19, 2000 indicates there is no relation between the percent of low-income households and the percent lifeline take rate; *and*

**WHEREAS**, The FCC has stated its "objective that the fund not be any larger than is necessary to achieve the various goals of section 254"; *now therefore be it*

**RESOLVED**, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC) convened in its 2001 Winter Committee Meetings in Washington D.C., expresses its support for the policy goals of the Lifeline and Linkup programs; *and be it further*

**RESOLVED**, That NARUC encourages the Joint Board, FCC, and States to explore alternative mechanisms, including automatic enrollment, to efficiently target and distribute funding to consumers, and determine eligibility for Lifeline/Link-Up support; *and be it further*

**RESOLVED**, That NARUC supports implementing mechanisms to insure accountability of the low-income programs; *and be it further*

**RESOLVED**, That the General Counsel is directed to make these positions known to the Joint Board and FCC through appropriate means.

*Sponsored by the Committee on Telecommunications*

*Adopted by the NARUC Board of Directors, February 28, 2001.*

Anita Cheng or Dana Bradford,